REVISED SYNOPSIS

EVALUATING EFFICIENCY OF HUMAN RESOURCE MANAGEMENT STRATEGIES FOR DEVELOPING MICRO, SMALL AND MEDIUM ENTERPRISES

For the Award of Doctor of Philosophy (Ph.D.) in Management

Submitted by

KANISHKA PATHAK

Under the supervision of

PROF. SHIV KUMAR SHARMA

Department of Management

Faculty of Social Sciences

DAYALBAGH EDUCATIONAL INSTITUTE

(Deemed University)

Dayalbagh, Agra-282005

EVALUATING EFFICIENCY OF HUMAN RESOURCE MANAGEMENT STRATEGIES FOR DEVELOPING MICRO, SMALL AND MEDIUM ENTERPRISES

1. INTRODUCTION

Over the last few decades, the growth of MSME's in India has been noteworthy but still this growth story could further see an escalated trajectory if the government would have had drafted a more invigorated plan to give these "Silent Drivers of the economy" a fillip in form of online facilities like ITES, i-Cloud concept, streamlining clearance, aadhar based enabled services and obliterate the man to man interface when it comes to routine procedures. Although, the SME sector in India has emerged as a vibrant and dynamic sector in the last five decades and after the quantum leap taken in 1991 LPG reforms and with the neo leadership at the centre today, it has become pertinent for the Small and Medium Scale enterprises to improvise, strategize and innovate in order to gain an edge over its burgeoning competitors. More and more of such enterprises are now struggling to survive due to immense pressure created by both globalization and mammoth Multinational Corporations (Mulhern & Stewart, 2003).

Processes, designs, machine, methodologies of production, operations, logistics, layout plans, etc all can be easily aped in every form possible but it's the Human Resources that can never be emulated as every individual has his own thought process, motivational aspects and hence managing them becomes a vital challenge. It's a herculean task before the managers today to effectively gain Individual-Organizational fits so that the goals and objectives of both the individual and the organization are dovetailed together. Effective Management of Human Resources is critical factor for success or failure of an organization (Huselid, Jackson & Schuler 1997; Paauwe, 2004; Schuler and Jackson, 1999).

The sector as of today consists of 36 million units providing employment to over 80 million people, product lineage tolls to more than 6000 contributing to 8% to GDP and contributing to 45% to manufacturing output and 40% exports of India. It is glaring to note that Uttar Pradesh itself has more than 3.1 million industrial units. The era of stiff competition demands for the MSME's to do away with "Governmental Patronages" in form of subsidies, doles for sick firms and special packages but must now preponderate on adhocism and improvisation, i.e. to capitalize upon its indigenous skills that have been lore from yore, the peoples skills and processes which when administered in manufacturing or delivering goods and services respectively are sui generic—helping Indian technique to create a uniqueness that could not be emulated.

Human Resources in MSME's are not considered to be critical for their growth and survival and accordingly very less is invested in employee Training and Development (Stewart & Beaver, 2003) and the veracity is that various facets like employee support, employee involvement, motivation, recruitment, discipline, skill development, managing employee liaisons and implementation of labor laws lead to a lethargic growth. The anthropocentric approach to management in MSME's is to a large extent effaced. Talent management is known to be a leading issue in global HRM practices today (Cheng, 2004) but the Indian traditional model highly depends upon the concept of self-learning and honing as the societal strata is divided on various lineages based upon occupations and hence the need for Training and Development is taken for granted. Even the classical thinker F.W. Taylor who advocated for scientific management and equated man to a rational economic entity did vouch for the soft core of HR management like provide better tools and equipments to workers so that they can perform hard task easily and at last lead to organizational efficiency. Contemporarily, we live in an age where new products pop out from anywhere, flat world without borders, and hence lays an immense potential for the Indian MSME's to hyperbole its specialties and peculiarities in order to gain an extra edge through Human Resource competence.

The tragedy of MSME's is that the managers focus more on operational aspects rather than taking a humanistic approach and due to pressure of global MNC's, there is a felt need to give primacy to

employee competencies and professionalism. In India we see that the workers have a traditional mindset for “Fraternal Feeling” or which can also be called as Paternalistic Approach but the need of the hour is not to see them as dependents and feeders but as “agents of change” by empowering them, sharing responsibilities and authorities, delegate workload, associate Person-Organizational fits and create a competent system where every sub system is both interdependent and independent, working in tandem with specialization and taking a generalist approach simultaneously. The concept of synergy that is collectivity; should be the essence for MSME’s because the collective outputs of individuals are more pronounced and lead to efficiency. The MSME’s literature suggests that Employee Involvement (EI) in running the business is not a common practice (Rainnie, 1989) and the Employee Stock Option Programme (ESOP) are only meant for large scale industries. Authoritarian unitarism is the general rule of thumb in SMEs (Scott et al, 1989) but recent literature of HRM has referred to a gradual shift towards neo-unitarism (Saini, 2000) i.e. liaison built on consent, care and Employee Involvement.

The MSME’s are labor intensive sectors and it is very consternating to note that majority of the units do not have any Human Resource Management machinery set in place and also some of the major practices like recruitment, selection, training, performance appraisal, grievance redressal, compensation mechanisms, skills development, talent retention, motivational and leadership traits, job enrichment and job processes, trust building, culture competence, emotional intelligence, knowledge sharing, processes are evanescent. Marlow and Patton (1993) have argued that management is primary source for survival of Small and Medium ventures and (Hodge’s and Kurathos, 2001) have vouched for the importance of well motivated, highly skilled workforce as a determinant of small enterprise’s ability to remain competitive in the contemporary business milieu.

Nadia, Garg and Elegy (2004) decreed that there is a palpable disconnect between various MSME’s with respect to administering HR functions i.e. the principle of universality is pulverized and also HRM practices are decided by the ideology and pluralistic goals of the small proprietor (Koch & Dekok, 1999). Nauyess and Bryont (2004) in its research in 89 SME’s in Vietnam postulated that the firms size is

directly proportional to HR formalities observed which is then directly proportional to an individual's perception of a firms performance. Further averment is laid by Kotey and Slade (2005) which harangues that the relationship between the size of a firm and adoption of HRM practices that HRM gradually and eventually seeps into the organization out of necessity and takes up professional recruiting, training, directing, staffing, controlling, etc. It was found that a sound employer-employee liaison exits in SME's (Subba Rao & Gangathara Rao, 2000), there is no HR planning, promotion training and development programme for employees (Kamble, 2005) and they make recruitment through their own network of friends and relatives; majority do not spend a farthing on training and development aspect; there is no HR policy at all and that there is also no linkage between performance and reward (Jothi, 2004). The advantages of SME's are that they lead to informality, flexibility, sustainability and adaptability (Pfeffer J., 1994) may be due to the lack of formalization in form of bureaucratic cult but it was seen that there is an exigency for use of proper HRM Practices as primary tools for enhancing competence of the people in the process of acquiring, developing, retaining people within the organization (Ulrich, D. Lake, 1990).

2. PROFILE OF MSME's

MICRO SMALL AND MEDIUM ENTREPRISES

CLASSIFICATION	MANUFACTURING ENTREPRISES (Investment limit in plant and machinery)	SERVICE ENTREPRISES (Investment limit in equipment)
MICRO	Rs. 25 Lakh	Rs. 10 Lakh
SMALL	Rs. 5 Crore	Rs. 2 Crore
MEDIUM	Rs. 10 Crore	Rs. 5 Crore

Figure 1: Profile of Micro Small and Medium Enterprises (Source: *Ministry of Micro Small and Medium Enterprises, Government of India)*

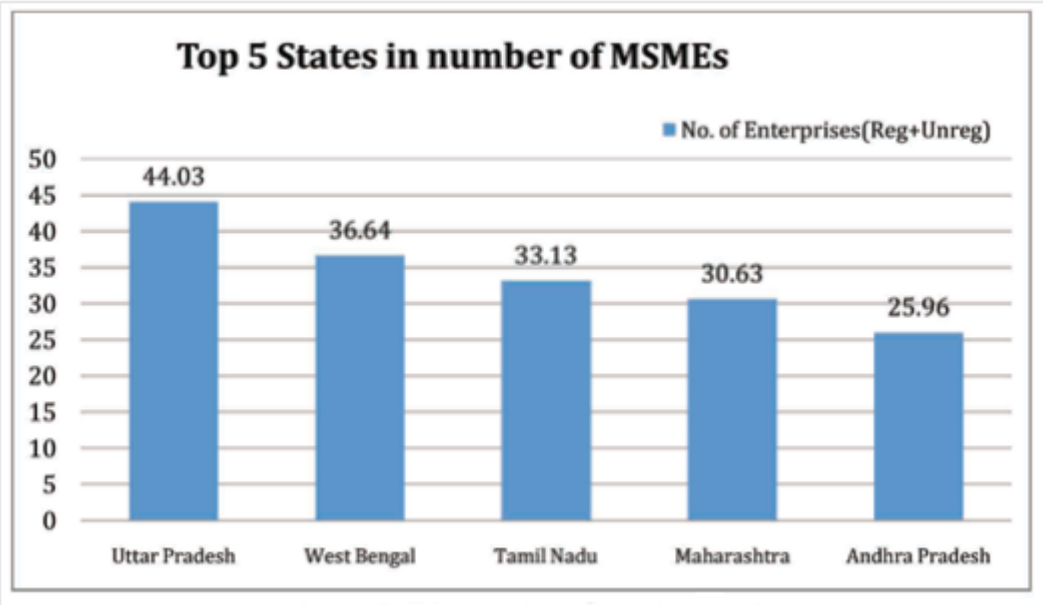


Figure 2: Database of Top five states comprising of MSMEs numbers (Source: MoMSE, GoI, Annual Report 2014-15)

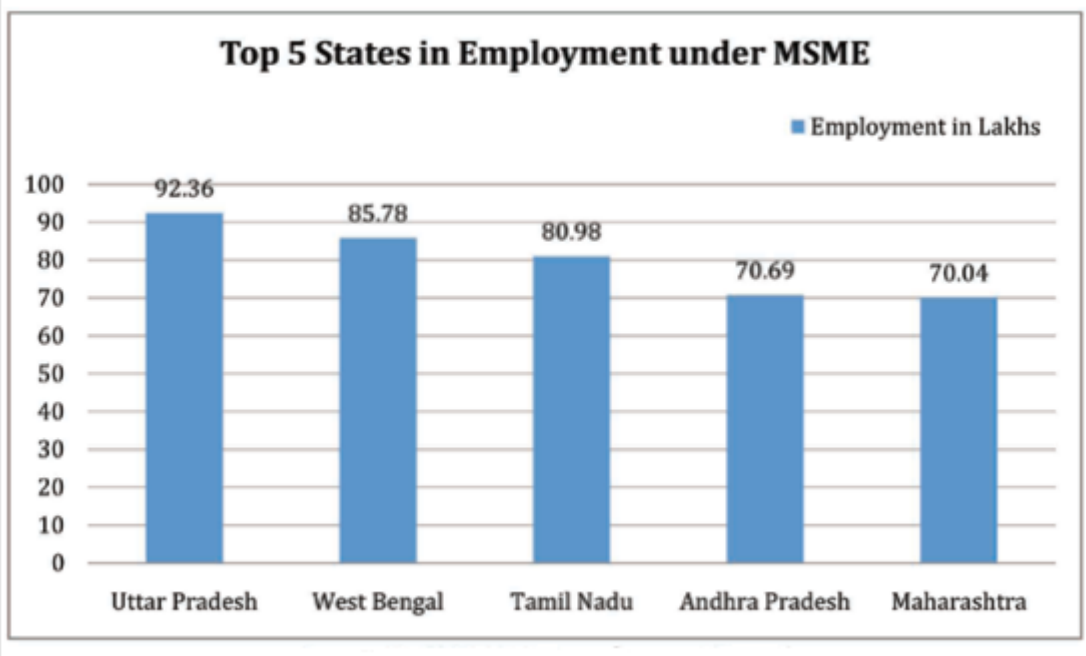


Figure 3: Database of Top 5 states in generating employment opportunities in the MSMEs numbers (Source: MoMSE, GoI, Annual Report 2014-15)

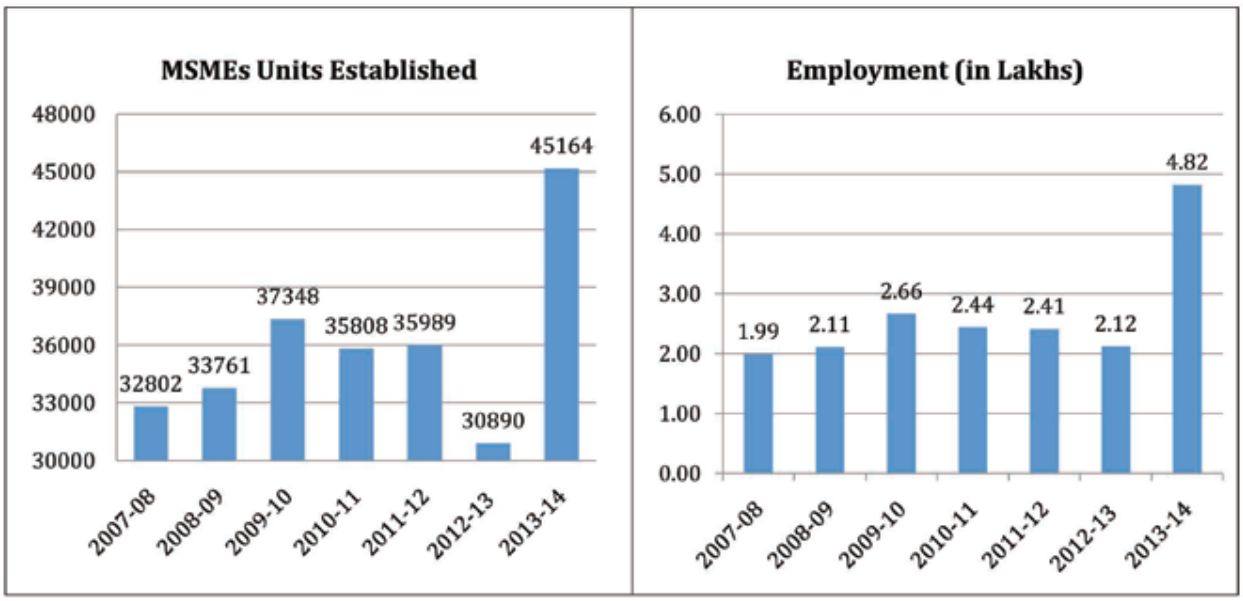
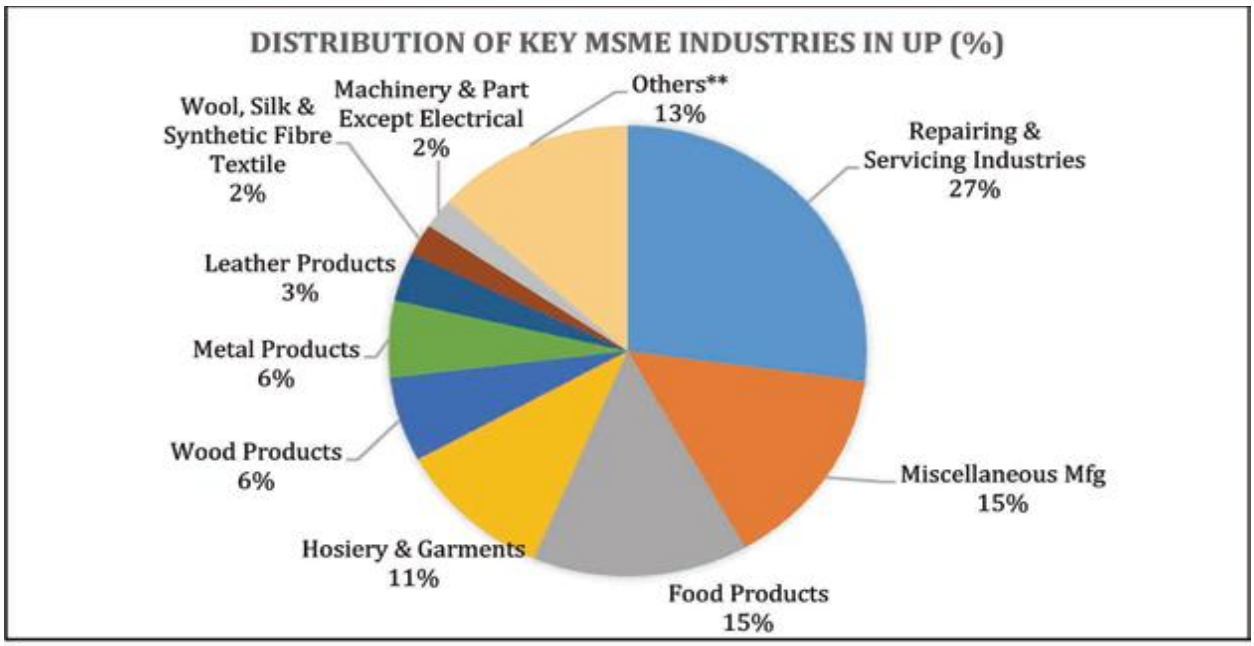


Figure 4: Database of total number of MSME units established and Employment generated in Uttar Pradesh (Source- MoMSME, GoI, Annual Report 2014-15)


DISTRIBUTION OF KEY MSME INDUSTRIES IN UP (%)
Wool, Silk & Synthetic Fibre Textile 2%
Machinery & Part Except Electrical 2%
Others** 13%
Repairing & Servicing Industries 27%
Leather Products 3%
Metal Products 6%
Wood Products 6%
Miscellaneous Mfg 15%
Hosiery & Garments 11%
Food Products 15%

**Others includes Paper Products & Printing,Cotton Textiles, Chemical & Chemical Products, Non-Metallic Mineral Products, Electrical Machinery & Apparatus, Rubber & Plastic Products, Basic Metal Industries, Transport Equipments, Jute and other Textiles, Beverages, Tobacco & Tobacco Products

Figure 5: Database of distribution of Key MSME industries in UP (Source-MoMSME, GoI, 2014-15)

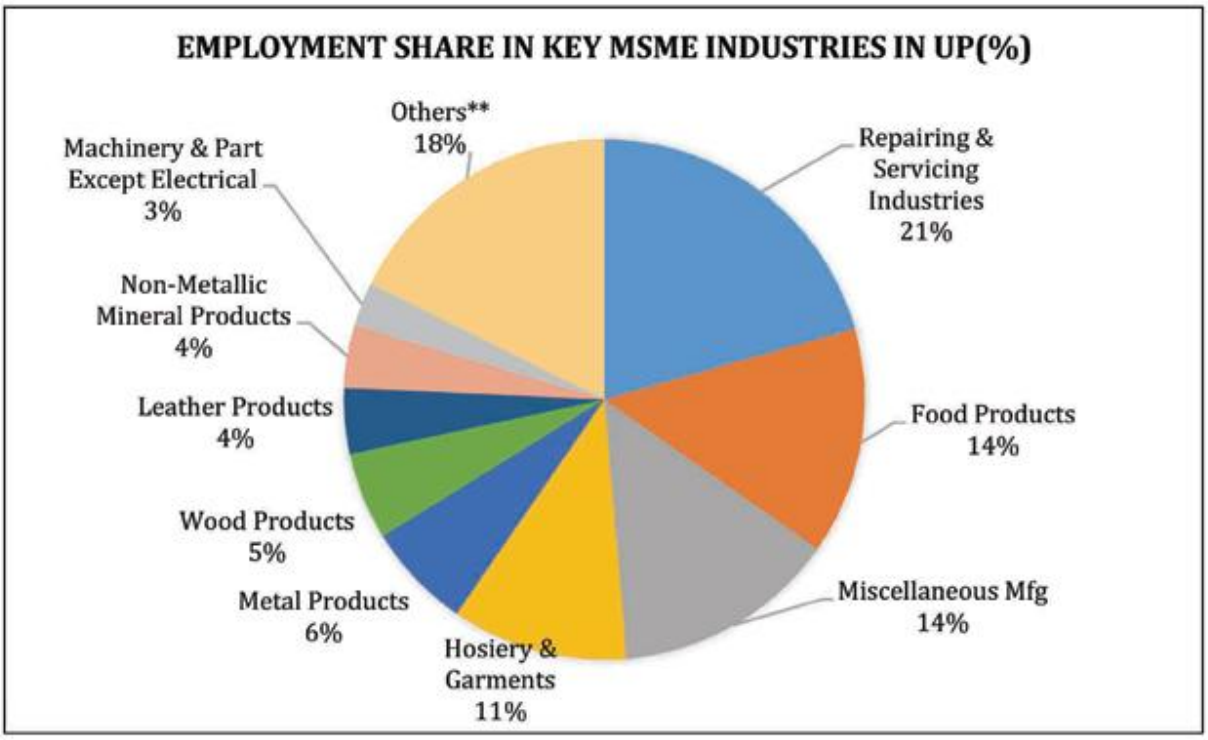


Figure 6: Database of Employment share in key MSME Industries in UP (Source- MoMSME, GoI)

3. REVIEW OF LITERATURE

As Woodrow Wilson famously quoted that the means of deliverance of entitlements and services to the people shall be “Less-Unbusiness like”, the vaticinate thinkers David Osborne and Ted Gaebler in their glistening work called “Re-Inventing government: How entrepreneurial spirit is transforming public sector” has postulated a 10 point programme strategy which are as follows:-

1. Competition Orientation
2. Community Owned Government
3. Employee Oriented Government
4. Customer Driven
5. Preventive Focus
6. Enterprising Government

7. Decentralized Functioning
8. Market Orientation
9. Catalytic Government
10. Mission Driven

The role of indigenous realities that Human Resources play in Indian MSME's is of pivotal importance and can't be afforded to be ignored. There is a felt need to map on people management practices and adopt an anthropocentric approach while simultaneously adopt the principle of indigenization and formalization. More and more enterprises are striving due to the spikes pressure and competition spurred by the gargantuan MNC's due to the advances and spread in globalization (Mylhern & Stewart, 2003).

The labor market is basically triggered and done by the employees itself and this has been saving costs for the recruitment drives. But there are also many negatives that come with it--like there is a danger of sinking into a plateau effect where stasis seeps in due to lack of innovation, technology, new skills and atrophy of new ideas. For example products manufactured by an Indian MSME reaches the shelves of Wal-Mart in foreign nations where they demand high end quality product but due to the rote processes of manufacturing, this quality prospect is compromised. This hurts the customer, company and the MSME in all and hence sometimes Wal-Mart sends its professional trainers to train Indian workers in the state-of-the-art manufacturing facilities and techniques.

Training improves, changes, shapes the knowledge, skill behavior aptitude and attitude towards the requirement of the job of the organization and training also increases the survival rate of the small firms (Ibrahim et al, 2004) but training is generally avoided in order to achieve trade offs for small term benefits. It is wrongly considered that training swells the expenditure budget and there is also an innate trepidation that after incurring a huge and vast chunk of pelf on the employee training and development, what if the employee runs scot free. We see that problems are just not linear in nature but multi dimensional as the challenge of retaining the employee is further exacerbated.

Adnan, Abdullah and Ahmad (2010) found that training and development practice has negative influence on a firm's financial performance. Bernice Kotey and Alison Sheidan (2004) explored human resource management practices in Micro, Small and Medium firms in Queensland, Australia where it was seen that on-the-job training method was followed in firms and it was also seen that as the firms size burgeons, the training responsibility is transferred to the supervisors. Even Chinnam Reddy and Puja Bhatt on their examination of Human Resource Management practices in Indian SME's found that the on-the-job training improves the productivity and hence the performance of the companies. Kotey and Slade deliberated the liaison between the firm's size and adoption of human resource management and concluded that both are directly proportional. Chandrakantan Subramanian et al studied the liaison between the organizational performance and human resource and found that the training and development hones the required quintessential skill and knowledge which further enhance work performance of the employees and organizational performance in whole.

Similarly, Moses N Oginda (2011) found that Training and Development practices play a significant role in performance of SME's. Training provides the base for any organization upon which it can excel and gain operational efficiency and as machines, methods and materials can be easily manipulated and contrived, managing human resources becomes the uniqueness which helps the organization gain competence.

Rao, M.G.,(1993) said that Human Resource Management is very important for employee development and creation of sanguine Industrial Relation which in turn will eventually lead to creation of industrial estates. Smaller firms are rated low in identifying, obtaining and retaining HRM functions because its considered to be solely for the large scale industries only (Narayanan E., 1992) but a well motivated and highly skilled worker is a determinant of a small firms ability to retain competence in the contemporary business milieu (Hodgetts & Kuratko, 2001) which lays credence to the fact that installation of a Human Resource Department is very cardinal for a firms perpetual succession.

Employment generations of MSME's are only next to agriculture and they serve the twin objectives of accelerated industrial growth and creation of additional productive employment potentials in rural and backward areas in India (Vettriselvan R. & Balakrishnan A., 2013). Trade Unionism and Industrial Relations are the most vital and important characteristics but are treated as liabilities; teamwork of labor management and cooperation is needed for training and development and the two way genuine and trusting relationship is important for labor management (Jaswini N., 2010).

It has been elucidated that for an increased organizational efficiency and increased performance, Human Resource Management is important and therefore there is a need for innovative HR practices (Singh K.N. & Bhattacharya A., 2011). Decentralization is about sharing power to the lower level, encouraging teamwork, and motivation of transferring and broadening onus to lower rungs of the echelons and authorizing greater involvement in communication and decision making (Hoogendoorn & Brewster, 1992; Vancevic & Donnelley, 1975). A climate or culture of trust which is built by ongoing intensive liaison amongst the organization members is more likely to provide required levels of trust and flexibility (Erden & Atsan, 2003).

It's fascinating to note that major portion of the small business units in India do not have a formal HRM practice mechanism set in place but undergo recruitment, selection, training and performance appraisal (Srimannarayana, 2006). The major issues in SME's are inadequate wage and salary, lack of incentives, bonus, social security and welfare measures, obscurity or total collapse of Trade Union concept and labor market victimization(Srimannarayana N, 2006, Narware P. C., 2011, Vettiselvan R. & Balakrishnan A., 2011). The amount of sick MSME's are increasing day by day due to ancient and aboriginal production processes which lead to poor customer satisfaction and low loyalty focus and less employee morale (Pandey A.P., 2007), which precludes prospects of improving the Quality of Worklife.

In MSME's, the Human Resource Management policies were hardly put in place and wages determination and promotional decisions were arbitrary and equivocal (Eresi, 2001). A survey made by

the Confederation of Indian Industries (C.I.I) brings into the limelight that 80 percent of small industries and 20 percent of medium enterprises have no formal hr department, lack B2B and B2C business models due to heavy atrophy of business strategies stemming from the fact that the organization lacks and efficient Human Resource Department. .

In recruitment, intuition and serendipity may not always work wonders for an organization and the greater challenge is—shall an organization have a bureaucratic hierarchy or not. They are four major points of Human Resource Management challenges in MSME's as they burgeon—1. Align HRM practices and policies with business strategies 2. Managerial capacity problem i.e. only the proprietor manages and there is no specialized person to do so; 3. MSME's don't mainly have a Human Resource Cell because it is considered to be obsolete and cost bloating; 4. Lower the expenditure on employee Training and Development by compromising on long term inducing benefits (Kotey & Slade, 2005).

The former President of the United States of America Ronald Regan quoted "entrepreneurs and their small scale enterprises are almost responsible for all the economic growth in the United States" and it's very disheartening to learn that very less is known about the impact of Human Resource practices within MSME sector in India. It's now a known fact that an individual abilities and attitudes be aligned with the organizational needs. Even though there seems to be recognition of importance of Human Resource Management among MSME's the empirical evidence on the extent of impact of HRM practices of MSME's in inconclusive and there appears to be no empirical testing whatsoever in the Indian context (Zheng et al, 2006).

Research has suggested that the smaller organizations present a unique opportunity for studying Human Resource Management practices (Welourne & Andrews, 1996). SME owners realize the importance of formally adopting HRM systems and even the creation of competitive advantage, growth and success through people (Bacon et al, 1996, Kaman et al, 2001, Kotey & Slade, 2005, Zheng et al, 2006). Through the use of a strategy based HR policy and practices, firms create a more competent and committed

workforce, which in turn provides a sustainable competitive advantage (Khera, 2010) and also a positive triumvirate liaison was found between organizational learning, strategic HRM and sustainable competitive advantage (Khandekar, 2006).

The study on 137 Indian manufacturing firms have suggested that, number of significant correlations between a set of contingent variables (i.e., age, size, ownership, life cycle stage and HRM strategies of an organization, type of industry and union membership) and four Human Resource Management functions of recruitment and selection, training and development, compensation and employee communication exists and similarly four national factors (namely national culture, institutions, dynamic business milieu and business sectors) are present which influence the Indian Human Resource Management policies and practices (Budhawar, 2000). Human Resource Management practices in the Indian hospitality enterprises revealed that harmonized terms and conditions, formal manpower planning, flexible job description, formal system of induction, production/service staff responsible for their service, social appreciation and recognition may constitute the most important HRM practices in the Indian hospitality enterprises (Chand, 2010) which may have direct offshoots in the HRM in the Indian MSME sector respectively. A study of the Indian and Multinational companies concluded that the competitive advantage of a company can be generated from Human Resources and the company's performance is influenced by a set of effective HRM practices (Kundu, 2009).

A study among the software professionals in India reveals that Human Resource Management practices such as employee friendly work milieu, career development, development oriented appraisal and comprehensive training show a significant positive liaison with the organizational commitment (Paul, 2011). The Human Resource Management system architecture and firms performance : Evidence from the SME's in a developing nation in their study showed the firms owner attitude towards its employees is a major determinants of the firms profitability and the effect of Human Resource Management philosophy on productivity is smaller, albeit still highly significant (Prahalad Kasturi, et al, 2006).

Human Resource Management practices like effective Training and Development, selection, rewards and performance appraisal have a positive liaison with product quality, productivity efficiency and the overall perceived performance of an organization (Khan, 2010). Innovative recruitment and compensation practices have a significant relationship with firms performance, it was observed that, recruitment, role of the HR Department and compensation practices seem to be significantly changing with the Indian firms in the context of Indian liberalization (Som, 2009).

Compared to small enterprises, the level of formalization was found to be higher for medium enterprises (Joshi & Vohra, 2009). Past studies have investigated impacts of HRM practices on productivity (Chen et al, 2003) on efficiency and employee turnover (Huselid, 1995) on financial performance (Delery & Doty, 1996, Huselid, et al., 1997) on customer satisfaction (Koys, 2003) on turnover, absenteeism, productivity and quality (Richard & Johnson, 2001). There is a need to develop Social Capital (S.C.) i.e. the combined value of the liaison with customers, suppliers, logistics, industry association and markets, and social capital represents the potential an organization processes as a result of external intangibles (Bontis, 1999) and it strongly associated with trust, trust significantly influenced on change processes and risks (Shockley-Zalaback, Ellis and Wonograd, 2000) whereas the lack of trust results in poor communications and quality (Owen, 1996). A milieu or culture of trust which is built by the ongoing intensive relationships among the organizations members is much more likely to provide the requisite levels flexibility (Erden, Ozen and Atsan, 2003).

LITERATURE REVIEW SYNTHESIZED MATRIX

S.No.	Author	Emotional Intelligence	Trust	Job Satisfaction	Training	Mentoring	Learning	Competitive HRM	Operational Efficiency
1	Aycan et al (2006)								
2	Bradach & Eccles, (1989)		✓						
3	Bromiley & Cummings (1992)		✓						
4	Catherine Cassell (2002)								
5	Chand (2010)								
6	Chao et al (1994)					✓			
7	Chua, (2009)						✓		
8	Daniel Goleman (1995)	✓							
9	Desouza (2011)						✓		
10	Dewitte, & Lens (2000)								
11	Eccles (2009)								
12	Feist and Barron (1996)								
13	Fey et al., (2000)							✓	✓
14	Gratton (1994)								
15	Hodgetts & Kuratako (2001)								
16	Huselid (1997)								
17	J. Pfeffer (1994)								
18	Jackson & Schuler, (1997)							✓	✓
19	Khera (2010)								
20	Kim and Koh (2011)						✓		
21	Kotey & Slade (2004)	✓		✓	✓				
22	Lease, (1998)			✓					
23	Locke (1976)			✓					
24	Marlow & Patton (1993)	✓							
25	Miles & Creed, (1995)		✓						
26	Miles & Snow, 1992		✓						
27	Orpen (1995)					✓			
28	Ostroff & Kozlowski, 1992								
29	Rainnie (1989)	✓							
30	Scandura (1992)					✓			
31	Senge et al., (1999)								
32	Sitkin & Roth, (1993)		✓						
33	Spector, (1997)			✓					
34	Storey (1994)								
35	Thi Lam & Kirby (2002)								
36	Ulrich (1997)							✓	✓

4. NEED FOR STUDY

The MSME sector has a total of 3.6 Crore units transpired across India and employs a whooping 8.05 Crore people who contribute 37.5 per cent to India's GDP and hence the sector has humungous potentialities for helping address the architectural or structural impediments like regional disparities, chronic unemployment, lopsided distribution of national income and wealth across the length and breadth of India. Due to comparatively less cost in land, labor and capital and their forward-backward linkages with other sectors like MNC based outsourcing, service delivering, etc, the MSME will play a hyperbolic role in the success of the Make in India initiative and lay attestation to the principle of "Atma-Shakti" postulated by Nobel Laureate Rabindranath Tagore during the Bengal Split agitation, also laying consonance with the Gandhian principle of "Self-reliance".

Realizing the potentialities that could be tapped by the MSME sector, the government has undertaken a litany of schemes and programmes like Prime Ministers Employment Generation Programme, Credit Guarantee Trust Fund for Micro and Small Entreprises, Credit Linked Capital Subsidy Scheme, Udyog Aadhar Memorandum Scheme for ease of doing business, Employment exchange for Industries, setting up of ASPIRE fund, etc.

There is a felt need to update the Skill possessed by a worker in a MSME in order to gain manufacturing competence through application of various Lean Manufacturing techniques like 5S System, CAD, Visual Control, Standard Operating Procedures (SOP's), Just in Time (JIT), KANBAN System, cellular layout, Value Stream Mapping, Poka Yoke, Single Minute Exchange of Dies (SMED), scaling up the Value-Chain, Total Productive Maintenance, Kaizen which will further shore up sustainable development by reducing waste, increasing productivity, introducing new innovative state-of-the-art best practices; henceforth forging a culture of continuous improvement and commitment.

The Niryat Bandhu Scheme has been launched by the government as it has realized that the people have to be first trained i.e. gaining competence in Human Resource Management (Skills enhancement through

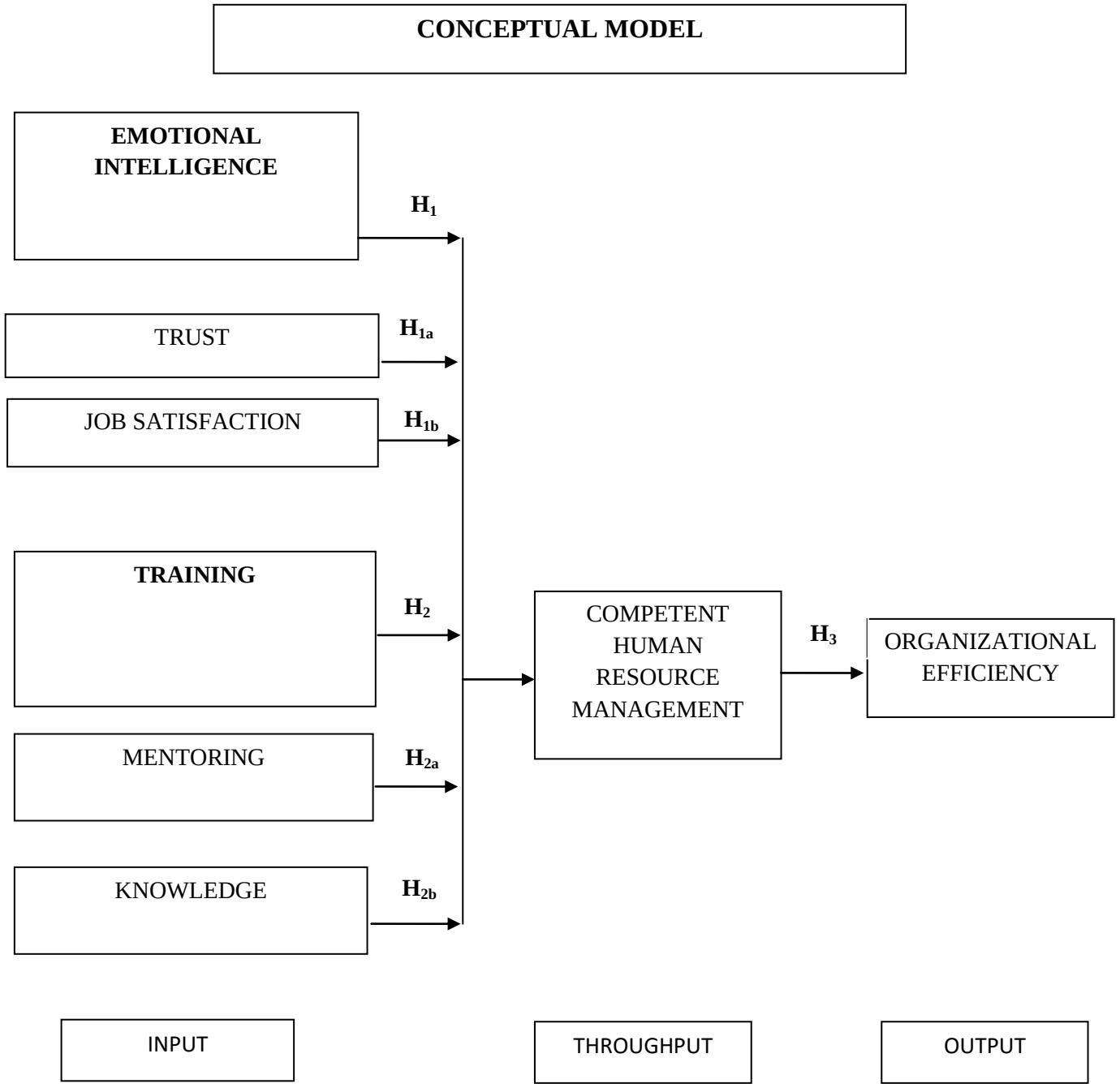
T& D) before it further escalates other infrastructure building for the MSME sector and for that, it has abetted “Knowledge Partners” and increased the interface of academics with industry. There is a felt need to overhaul the MSME sector functioning in order to realize the four pillars of Make in India initiative—new process, new infrastructure, new mindset and new sectors.

To conclude, there is a dire need to study the prospects of competent HRM strategies and practices in order to gain an added advantage, achieve proficiency in operations and amplify outputs, tapping in the Human Resource potentialities by providing them adequate education, training and skills development. There is a need for creating Social Capital based on trust, association and cooperation in order to sustain the silent growth engines of India and hence there is a requirement of research in these arenas of HRM—a MSME handshake with HRM for sustainable economic growth and development of India.

At present firms are acknowledging the efficient management of Human Resources as a critical factor in their success or failure (eg., Huselid, Jackson & Schuler, 1997) MSME’s are known to focus more on operational aspects and keep the anthropocentric approach i.e. peoples management issues at bay (Storey, 1994). There is no machinery set for performance appraisal in the MSME’s and main proprietor consults some managers from which impressions are made—completely based on personal intuition and judgment. There is an exigency to shift from the traditional loyalty focus to professional competencies (C. K. Prahalad, 1998).

5. CONCEPTUAL FRAMEWORK

The conceptual framework has been formed after an exhaustive literature review and the variables have been selected accordingly. The framework is based on the ITO Model i.e. Input-Throughput-Output. The initial constructs of Emotional Intelligence and Training and Development will be processed in the throughput phase of Competent HRM mechanism and the individual psychology. The output is in form of operational efficiency achieved


CONCEPTUAL MODEL
EMOTIONAL INTELLIGENCE
H1
TRUST
H1a
JOB SATISFACTION
H1b
TRAINING
H2
MENTORING
H2a
KNOWLEDGE
H2b
COMPETENT HUMAN RESOURCE MANAGEMENT
H3
ORGANIZATIONAL EFFICIENCY
INPUT
THROUGHPUT
OUTPUT

6. OBJECTIVES

The study will be to ascertain the following objectives:-

Objective 1: To explore the current practices pursued in various dimensions of Human Resource Management.

Here we propose to explore the contemporary Human Resource practices in the MSMEs and try to decipher how they affect the workers, in a positive or negative manner.

Objective 2: To identify and discuss the major drawbacks and challenges while conducting Training and Development evaluation.

Here we propose to identify the hobbles while conducting Training and Development evaluation and relate our analysis to find out the individual perception for accepting or rejecting a decision.

Objective 3: To suggest an anthropocentric based model for better implementation of Human Resource Management practices.

We propound to develop an anthropocentric model for gaining pronounced benefits of Human Resource practices as practices for humans shall be humane in nature and practice.

7. HYPOTHESES

7.1. Emotional Intelligence and Competent Human Resource Management

People issues can only be addressed by people only and not by machines. It's a saying that man is a social animal and that signifies that an individual is all about social values, ethics, emotions, rectitude, morals, ethos, sympathy, empathy, attitudes and culture. Emotional Intelligence uniquely explains individual work performance over and beyond the level attributable to General Intelligence which is in vernacular terms known as Intelligence Quotient (I. Q.) (Thi Lam & Kirby, 2002). Feist and Barron in 1996

concluded that Emotional and Social Competencies were four times more important than Intelligence Quotient in determining professional success and competence. Hence we hypothesize that;

H_1 : There is a significant relationship between Emotional Intelligence and competent Human Resource Management strategies

7.2. Trust & competent Human Resource Management strategy

Amongst organizational scholars, trust has received attention as a mechanism of organizational control and more specifically as an alternative to price and authority (Bradach & Eccles, 1989), as a key factor in managerial beliefs and philosophies (Miles & Creed, 1995; Sitkin & Roth, 1993) & as a quintessential element in the operation of network forms of organization (Miles & Creed, 1995; Miles & Snow, 1992; Powell, 1990). Within the rank of managers, trust has been recognized as a major issue in building relationships ("Learning from Japan,"1992) and as a means of facilitating high tech industry growth and success. Bromiley & Cummings (1992) have argued that the level of trust and trustworthiness in organizations affect their structure and processes.

Hence we hypothesize that;

H_{1a} : There is a significant relationship between Trust and competent Human Resource Management strategies

7.3. Job Satisfaction and competent Human Resource Management strategy

Job Satisfaction is one of the most popular and widely researched topics in the field of organizational psychology (Spector, 1997). Locke (1976) defines job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. Job satisfaction has been studied both as a consequence of many individual and work environment characteristics and as an antecedent to many outcomes. Employees who have higher job satisfaction are usually less absent, less likely to leave, more

productive, more likely to display organizational commitment, and more likely to be satisfied with their lives (Lease, 1998). Hence we hypothesize that;

H_{1b} : There is a significant relationship between Job Satisfaction and competent Human Resource Management strategies

7.4. Training and competent Human Resource Management strategy

Training and Development is the core of any Human Resource Management system and helps the firm realize its goals and objectives in the most efficient way possible. Training improves, changes, shapes the knowledge, behavior, aptitutde and attitude towards the requirement of the job and the organization. , Ibrahim et al (2004) has said that training increases the survival rate of small firms. Training is avoided because it swells up the expenditure budget and there is a trepidation that the employee may run scot free after gaining training. Kotey & Slade (2005) have said that firms involuntarily adopt training as they burgeon. Chandrakantan Subramanian et all studied the relationship between human resoure and organizational performance and onluded that Training & Development improves organizational necessary skill and knowledge enhances work performance of employees and organizational performance. Hence we hypothesize that;

H_2: There is a significant relationship between Training and competent Human Resource Management strategies

7.7. Mentoring and competent Human Resource Management strategy

Chao et al. (1992), Scandura (1992), and Orpen (1995) have shown, higher levels on mentoring functions are related to more positive outcomes. If a mentorship was successful in providing many psychosocial and career-related functions to the protégé´ during the Cultivation phase, then it logically follows that the

lessons learned from the mentorship could still reap benefits for the protégé´ even if the mentorship evolved into another phase, or if the mentorship is terminated altogether. Hence we hypothesize that;

H_{2a}: There is a significant relationship between Mentoring and competent Human Resource Management strategies

7.8. Knowledge and competent Human Resource Management strategy

"A firm's competitive advantage depends more than anything on its knowledge: on what it knows- how it uses what it knows – and how fast it can know something new." – HR Magazine 2009, p.1. The management of knowledge has generated considerable interest in business and management circles due to its capability to deliver to organizations, strategic results relating to profitability, competitiveness and capacity enhancement (Chua, 2009; Jeon, Kim and Koh 2011). The importance of Knowledge Management (KM) as a critical tool in organization and the society can therefore not be overemphasized. As Desouza (2011) put it, KM has become a trendy buzzword. Much of the interest in KM came from the realization that organizations compete on their knowledge-based assets. Even noncompetitive organizations (e.g. governmental institutions and nonprofits organizations) succeed or fail based on their ability to leverage their knowledge-based assets. It is stated by Teng and Song (2011) that the importance of KM is no longer restricted to knowledge intensive firms in the high-tech industries but to all sectors of the economy. Zack (2003) further says that even companies in the traditional industries, such as cement, can benefit greatly from Knowledge Management. In essence Knowledge Management is beneficial to all sectors, be it educational, banking, telecommunications, production/manufacturing, and even the public sectors. Hence we hypothesize that;

H_{2b}: There is a significant relationship between Knowledge and competent Human Resource Management strategies

7.11. Competent Human Resource Management strategy and Organizational Efficiency

Researchers have contended that the concept of strategic human resource management has evolved into a bridge between business strategy and the management of human resources (e.g. Butler et al., 1991; Lengnick-Hall and Lengnick-Hall, 1988; Lorange and Murphy, 1984). On the other hand, Truss and Gratton (1994) opine strategic human resource management as the overarching concept that links the management and deployment of individuals within the organization to the business as a whole and its environment. Ulrich (1997) further distinguished between strategic HR and HR strategy. He stated that strategic HR was the process of linking HR practices to business strategy. Thus, strategic HR deals with identifying the capabilities required of a business strategy and using HR practices to develop those capabilities. On the other hand, he viewed HR strategy as building an agenda for the HR function and defining the mission, vision and priorities of the HR function. During the last decade, the personnel/HRM field has shifted from a micro focus on individual HRM practices to a debate on how HRM as a more holistic management approach may contribute to the competitive advantage of the organization (Fey et al., 2000). Researchers drawing largely on a behaviorists psychology perspective have addressed the link between human resource management practices and competitive advantage (Schuler and Jackson, 1987; Schuler and Macmillan, 1984). From this perspective, researchers have argued that human resource management practices can contribute to competitive advantage as far as they elicit and reinforce the set of role behaviors that result in lowering costs, enhancing product differentiation or both (Schuler and Jackson, 1987). Hence we hypothesize that;

H_3: There is a significant relationship between competent Human Resource Management strategies and Organizational Efficiency

8. SCOPE OF STUDY

The scope of the study will be confined to the MSME in the industrial clusters in Agra, Firozabad, Mathura and Etah due to the presence of MSME conglomerates. The reason for taking this geographic area is that it has a historical background of containing a lineage of traditional workers and the ecological

homogeneity will lead to consonance in the findings. The variation in data collection and analysis will be minimized leading to greater efficiency while ascertaining the results due to the similar ecology, geography and demography.

9. SAMPLING TECHNIQUE AND DESIGN

A further offshoot of simple random cluster sampling known as the multi stage sampling based upon the geographical area. We have to gauge the operational efficiency through the reforms in the Human Resource Management practices in the MSME's and taking the whole state as a sample population would be very cumbersome and improbable. 4 stage multi sampling technique will be used in order to arrive at the sample to be gauged and it has bi-folded advantage of firstly being easier to administer and secondly large number of units can be sampled for a given cost. The first stage is when Uttar Pradesh state was chosen due to the fact that it contains the most number of MSME's providing the largest employment in this sector (Source- Ministry of Micro Small and Medium Enterprises, Government of India). The second stage sampling would be to decipher the specialized industrial sector in the specified select districts. The third stage sampling would comprise of selecting one MSME from each industrial sector from each of the selected districts. The final and fourth stage will comprise of selecting employees from the selected MSMEs. Hence, we will follow the simple random multi stage sampling of a specified geographical area. Further, Purposive sampling technique will be administered to understand the current HRM practices among the MSMEs in the study area.

10. SAMPLING COMPOSITION

The population from which sample is to be drawn is finite in nature. For calculation of sample size of finite population, first of all, sample size, is to be calculated without considering finite population correction factor. To calculate the sample size without considering finite population correction factor, the following formula is used:

$$n_0 = \frac{\sigma Z^2}{D^2}$$

Here-

n_0 = Sample size without considering finite population correction factor

σ = Standard Deviation

Z = Standard normal distribution for 95% confidence level equivalent to 1.96 and,

D = Degree of precision desired

In order to obtain a representative and realistic sample size, the results of sample size from 3 scenarios are compared:

Scenario 1- Estimating a low standard deviation and low degree of precision.

Scenario 2- Estimating a moderate standard deviation and moderate degree of precision.

Scenario 3- Estimating a high standard deviation and high degree of precision.

	SD	**Z**	**D**	**n_0**
Scenario 1	0.5	1.96	0.5	3.84
Scenario 2	1	1.96	0.3	42.68
Scenario 3	1.5	1.96	0.1	864.36
Total				910.89
Average				**303.62**

Taking an average of the all the three scenarios, considered taking different values of σ and D, sample size without considering finite population correction factor is computed to be 304.

As the population computed here is 304, it would be sensible to purge it slightly more a given sample size provides more information for a small population than for a larger population. We fill further chisel down the figure by considering 2000 workers while the collecting data. Hence, we further use the equation-

$$n = \frac{n_0 N}{n_0 + N - 1}$$

Here;

N (Population Size) = 2000

n_0 (Sample Size) = 304

n = Adjusted Finite Sample Size

As we apply the figures in the above equation, the required adjusted finite sample size outputs to **264** which will be taken while undergoing the research.

11. SAMPLE FRAME

PLACE	AREA OF INDUSTRIAL SPECIALIZATION	NUMBER OF WORKERS TO BE SELCTED
AGRA	Footwear and Leather Industry	66
FIROZABAD	Glassware Industry	66
MATHURA	Repair and Servicing	66
ETAH	Agro based	66

12. SOURCES OF DATA COLLECTION

The data will be collected from both Primary and Secondary sources.

12.1. Primary Data

Primary data will be collected by using Questionnaires and Schedules. Unstructured Questionnaires will be administered in order to gain primary data from the respondents. The researcher will have an open ended questionnaire which will enhance the changes to gain a better insight into the psychology of the respondents. There will be a set of questions that will have to be filled by the respondents by themselves and hence it will give the researcher a better rendition of the core problems of research. Respondents include line and staff workers which will be inclusive of the triumvirate levels of organizational hierarchy and paint a wholesome picture of the mundane affairs in the organization.

12.2**.** Secondary Data:-

Data will be collected from various sources like Newspapers Magazines Websites, Journals, Various surveys conducted by GoI, Books, Case studies, Research Papers, etc.

13. STATISTICAL TOOLS

Suitable statistical tools like ANOVA (Analysis of Variance), correlation and paired comparison test etc. will be used for testing hypotheses. To analyze the population mean, *t*-test for micro enterprises and Z-test for Medium and Small Enterprises shall be used.

14. MANAGERIAL IMPLICATIONS OF THE STUDY

The chronic problem of youth unemployment can only be checked through MSME sector which can provide huge opportunities for employability. The Ministry of Skills and Development will train masses especially rural masses to hone a certain quantum of Skill set so that they can start up enterprises and contribute directly towards the cause of the nation and simultaneously become burgeoning assets leading a healthy lifestyle. The various state of the art Human Resource Management strategies will help to create a magnanimous milieu of work—creating sanguine culture of competitive teams that will further forge the industrial spirits and gain self sufficiency. It will un-tap the potentialities that lay asunder in oblivion—women workforce through Self Help Groups and the study will further offer positive offshoots that in what ways could the peoples work processes be improved, make them more sensitized towards technological innovations taking place in this global world—Act Local, Be Global.

The research will help the MSMEs in India to instill more genial Human Resource policies and hence will ensue better operational functioning in every domain of management.

15. PROPOSED CHAPTERIZATION

Chapter 1	Introduction
Chapter 2	Review of Literature
Chapter 3	Research Methodology
Chapter 4	Analysis and Results
Chapter 5	Conclusions and Suggestions

REFERENCES

(KASPL), K. A. (2017-2022). *Human Resource and Skill Requirements in the Furniture and Furnishing Sector.* Ministry of Skills Development and Entrepreneurship, Government of India, National Skills Development Corporation. New Delhi: Press Information Burearu (PIB).

(2016, January 1). *MSME at a Glance 2016*, 1-90. New Delhi, New Delhi, India: National Institute for Micro, Small and Medium Entreprises, Ministry of MSME, Govt. of India (An ISO 9001 : 2008 Organization).

Aeran, A., & Aeran, A. (2015). MSMEs Handshake with HRM--A Vehicle for Sustainable Economic Growth & Development of India. *International Journal of Engineering Technology, Management and Applied Sciences, 5*(3), 91-95.

Ali, E. (n.d.). Understanding the awareness of Human Resource Practices in Small Scale Industries (SSIS) in Pune Region: An Empirical Study. *ASM's International E-Journal of Ongoing Research in Mangement And IT*, 1-10.

Bhatt, P., & Reddy, D. S. (2011). HRM Practices and its impact on performance--Exploratory literature review in the context of Indian SMEs. *NJRIM*, 73-87.

Brand, M. J., & Bax, E. H. (2002, December). Strategic HRM for SMEs: Implications for firms and policy. *Education+Training Journal, 44*, 451-463.

Brief Industrial Profile of District Agra. (2016). *Brief Industrial Profile of District Agra*, 1-16. Agra, Uttar Pradesh, India: Ministry of MSME, GoI.

Budhwar, P. S., & Varma, A. (2011). Emerging HR Management trends in India and the way forward. *Organizational Dynamics*, 317-325.

Caliskan, E. N. (2010). The impact of Strategic Human Resource Management on Organizational Performance. *Journal on Naval Science and Engineering, 6*(2), 110-116.

Chaudhary, S., & Singh, D. (2014, December). Human Resource Management Practices and Organizational Competitive Advantage: A Survey of earlier researches. *International Journal of Science and Research (IJSR), 3*(6), 2654-2656.

Das, S. P., Narendra, P., & Mishra, P. (2014, May). HR issues in small and medium entreprises--A literature review. *IMPACT: International Journal of Research in Humanities, Arts and Literature (IMPACT: IJRHAL), 2*(5), 183-194.

Delery, J., & Doty, D. H. (1996). Modes of theorizing in Strategic Human Resource Management; Tests of Universalistic, Contingency and Configurational Performance Predictions. *Academy of Management Journal, 39*(4), 802-385.

Dr. Khokhar, C., & Kush, T. (2009, January). Emotional Intelligence & Work Performance among Executives. *Europe's Journal of Psychology*, 1-11.

Dr. Mamoria, C. B., & Dr. Pareek, U. (1997). *Personnel Management.* New Delhi: Himalaya Publishing House.

Dubey, R., & Ali, S. S. (2011). Study on effect of functional competency on performance on Indian manufacturing sector. *Intechweb, 3*(3), 1-15.

Gibb, A. A. (2009, April 30). Small Firms' Training and Competitiveness; Building upon the Small Businesses as a Learning Organization. *The International Small Business Journal, 15*(3), 10-29.

Gogoi, L. (2015, March). Human Resource Mangement and Politics and Public Administration in India. *International Journal of Scientific Research and Mangement, 3*(3), 2428-2434.

Grigore, A. M. (2008). The Impact of Human Resources Practices upon Small Companies Performances. *Seria Stiinte Economice, LX*(02), 83-92.

Israel, G. D. (1992, November). Determining Sample Size. (Fact Sheet POED-6). Florida, Florida, United States of America: Florida Cooperative Extention Service, University of Florida.

Jain, R., & Prem, R. K. (2011, February). HRD practices in Indian organizations and their impact on productivity on Human Resources: An Empirical Study. *Management and Labor Studies, 36*(1), 1-30.

Joshi, P., & Srivastava, A. (2012). Examining the HRD Practices in Indian PSU's (with special reference to IOC Mathura Refinery). *SMS Varanasi, 8*(2), 18-25.

K.S., R., & A.N., D. S. (August 2015). A Study of Training Practices in Small and Medium Sized Entreprises in Mysore and Bangalore Region. *Indian Journal of Applied Research*.

Kandula, S. R. (2013). *Competency-Based Human Resource Managment; A Complete Text with Case Studies on Competency Mapping, Modelling, Assessing and Applying.* New Delhi: PHI Learning Private Limited.

Kanthe, R. U., & Kanthe, D. R. (2012, December). Human Resource Practices--A Study on Small Scale Industries in Miraj City. *International Journal of Mangement (IJM), 3*(3), 228-234.

Kirkpatrick, D. (1959). Tedchniques for Evaluating Training Programs. *Journal of ASTD*, 3-9.

Livingston, J. S. (1999, 45-72). Pygmalion in Management. *Harvard Business Review on Managing People*.

Lynton, R. P., & Pareek, U. (2000). *Training for Organizational Transformation.* London: Sage Publications.

Mac Duffie, J. P. (1995). Human Resource bundles and Manufacturing Performance: Organizational logic and flexible production systems in the world auto industry. *Industrial and Labor Relations Review, 48*, 197-221.

Manville, B., & Ober, J. (2003). Beyond Empowerment: Building a Company of Citizens. *Harvard Business Review on Motivating People*, pp. 1-18.

Mc Envoy, G. M. (1984). Small Business Personnel Practices. *Journal of Small Business Management, 22*(4), 1-8.

Mlcek, S. (2014). Are we doing enough to develop cross cultural competencies for social work. *British Journal of Social Work, 44*, 1984-2003.

Moss, G. (2004). *Inspire Action: The Trainer's Resource Book.* Chennai: Vijay Nicole Imprints.

Nakkiran, S., & Karthikeyan, M. (2007). *Training Techniques for Management Development.* New Delhi: DEEP & DEEP PUBLICATIONS PVT. LTD.

Narware, D. P. (2011, July). Human Resource Management in Small Scale Pharmacerutival Industry in Madhya Pradesh. *International Journal of Enterprise Computing and Business Systems, 1*(2), 1-13.

Noe, R. A. (2000). *Employee Training & Development.* Singapore: McGRAW-HILL INTERNATINOAL EDITIONS.

Ongori, H., & Nzonzo, J. C. (2011). TRAINING AND DEVELOPENT PRACTIES IN AN ORGANIZATION: AN INTERVENTION TO ENHANCE ORGANIZATIONAL EFDFECTIVENESS. *INTERNATIONAL JOURNAL OF ENGINEERING AND MANAGEMENT SCIENCES, 2(4)*, 187-198.

Pio, E. (2007). HRM and Indian epistemologies: A review and avenues for future research. *Human Resource Mangement Review*, 319-335.

Powell, T. (1992). Organizational alignment as a competitive advantage. *Strategic Management Journal, 13*, 551-558.

Prahalad, C. K., & Hamel, G. (1990, May-June). The Core Competence of the Corporation. *Harvard Business Review*.

Randall, S. S., & Jackson, S. E. (1987). Linking COmpetitive Strategies with Human Resournce Management Practices. *The Academy of Mangement Executive, 1*(3), 207-219.

Ravi, K., & A.N., D. S. (2014). Exploring Human Resource Management Practices in Small and Medium Sized Evtreprises with special referece to Bangalore and Mysore region. *International Journal of Mechanical Engineering and Technology (IJMET)*, 213-216.

Ritchie, J. (1993). Strategies for human resource management: Challanges in smaller and entrepreneurial organizations. *Addison-Wiley*.

Saini, D. S., & Budhwar, P. S. (2008). Managing the human resource in Indian SMEs: The role of indigenous realities. *Journal of World Business*, 417-434.

Sels, L., Winne, D., Delmotte, S., Maes, J., Faems, D., & Forrier, A. (2006). Linking HRM and Small Businesses Performance: An Examination of the impact of HRM intensity on productivity and financial performance of small businesses. *Small Business Economics, 26*, 83-101.

Singh, A. K. (2005, April-June). HRD Practices and Philosopy of Management in Indian Organizations. *Vikalpa, 30*(02), 71-79.

Singh, A. K. (2011). HRD Practices and Managerial Effectiveness: Role of Organization Culture. *The Indian Journal of Industrial Relations, 47*(1), 138-148.

Singh, K. A. (2013, Jan-June). HRM Practices and managerial effectiveness in Indian Business Organizations. *Delhi Business Review*, 79-90.

Srivastava, S. C. (2005). Managing core competence of the organization. *Vikalpa, 30*(4), 49-63.

Sundar, D. K., & Kumar, P. A. (2012, December). Human Resource Management Practices in Small and Medium Industries--An Indian Experience. *Spectrum: A Journal of Multidisciplinary Research, 1*(9).

Tarab, D. S. (2015, August). Impact of HRD mechanism over organizational commitment in Indian telecom industry: A private sector perspective. *International Journal of Science Technology and Management, 4*(01), 19-27.

Tran, L. T., & Nyland, C. (2013). Competency based training, global skills mobility and the teaching of international students in vocational education and training. *Journal of Vocational Education and Training, 65*(1), 143-157.

Vettriselvan, R., Sathya, M., & Balakrishnan, A. (2014). Human Resource Management Issues in Micro, Small and Medium Enterprises in Tamil Nadu. *International Research Journal of Business and Mangement*, 35-39.

Werner, J. M., & DeSimone, R. L. (2006). *Human Resource Development: Foundation, Framework & Application.* India Edition: Centage Learning.

Research Scholar

Kanishka Pathak

Dept. of Management

Supervisor

Prof. Shiv Kumar Sharma

Dept. Of Management

Head

Prof. Sanjeev Swami

Dept. of Management

Dean

Prof. S.P. Srivastava

Faculty of Social Sciences